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GDR FOREIGN TRADE UNDER THE NEW COURSE

[Comment: This report gives information from an article in Einheit, Vol IX, No 9, September 1954, entitled "The Foreign and Intra-German Trade of the GDR Under the New Course Policy of Our Party and Government." Einheit, is the official magazine for the theory and practice of scientific socialism of the Central Committee of the SED (Socialist Unity Party).]

As a result of World War II, the People's Republic of China and the European People's Democracies separated from the capitalistic system. The single world market was thus split; and a new, democratic world market came into existence alongside the capitalistic world market. These two world markets are developing according to different laws. The development of the capitalistic world market is characterized by anarchy in production, economic crises, and intense competition, resulting in tightening market conditions. On the other hand, trade in the Soviet-Orbit world market aims to secure maximum satisfaction of the constantly growing material and cultural needs of society. In this world market, foreign trade is carried on the basis of equal rights, mutual aid, and friendly cooperation.

Friendly coexistence of these two world markets is, however, possible. It has been promoted by the Moscow Economic Conference of 1952, and by the periodic East-West Trade Conference sponsored by the UN Economic Commission for Europe.

The expansion of the Soviet Orbit world market corresponds to the planned growth of production in the Soviet Orbit countries. In the period 1948-1952, trade among the Soviet Orbit countries more than tripled. In the period 1946-1952, it grew more than fivefold. The following table shows the foreign-trade volume of selected Soviet Orbit countries:

Country	Foreign-Trade Volume (% of 1946)		
	1948	1950	1952
Poland	385	479	600
Czechoslovakia	306	288	357
Hungary	493	955	1,310
Rumania	628	1,041	1,445
Bulgaria	228	228	290

The CEMA (Council for Economic Mutual Assistance) promotes cooperation among Soviet Orbit countries on the basis of a new international division of labor. Not only the domestic economies but also the international economic relations of these countries are subject to long-term economic planning. In drawing up its economic plan, each of these countries considers not only its own import needs but also the import requirements of the other Soviet Orbit countries. Thus, very effective use is made of the natural economic advantages of each country, and foreign trade becomes one of the basic tools of economic cooperation among the Soviet Orbit countries.

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The Soviet Orbit countries come to each other's assistance in time of need. When intra-German trade was disrupted in 1948 and 1949, the USSR, Poland, and Czechoslovakia delivered the commodities which the then Soviet Zone of Occupation had expected to receive from the Western Zones of Germany. In 1953, the USSR delivered to the GDR commodities valued at 590 million rubles over and above those provided for in the USSR-GDR trade agreement. These excess deliveries included foodstuffs, coal, rolling-mill, products, and cotton. In addition, the USSR granted the GDR a credit of 485 million rubles, including 135 million rubles worth of free foreign exchange.

GDR foreign trade more than doubled in the period 1950-1953. At the end of 1953, the foreign-trade volume was 204.4 percent of the 1950 volume. By the end of 1954, it is expected to reach 271.7 percent of the 1950 volume. However, intra-German trade lagged during the 1950-53 period. This trade developed as follows in the period 1951-1954:

Year	Intra-German Trade Volume (% of 1950)
1951	42.2
1952	42.3
1953	70.9
1954 (plan)	105.2

Whereas trade between the two parts of Germany amounted to more than 4 billion [Reichsmarks] before World War II, this trade will amount only to approximately 700 million VEs (Verrechnungseinheiten, accounting units) in 1954. [It is not indicated whether these figures constitute the total of goods exchanged or the value of goods shipped in each direction.] To raise the volume of intra-German trade, the GDR government has proposed repeatedly that the volume of intra-German trade be expanded to an annual rate of one billion VEs worth of commodities in each direction. The Administration (Magistrat) of Greater Berlin (East) has proposed an additional exchange of 200 million VEs worth of commodities between East and West Berlin.

GDR foreign trade is distributed as follows [year to which table applies not indicated]:

Country	GDR Foreign Trade (%)
USSR	45
Other Soviet Orbit countries	31
Total, Soviet Orbit	76
Non-Soviet Orbit countries	24
Total, GDR foreign trade	100

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GDR trade with Soviet Orbit countries grew as follows in the period 1953-1954:

Country	Volume of Trade (% of 1950)	
	1953	1954 (plan)
USSR	250	350
Soviet Orbit (including USSR)	240	More than 300

GDR trade with non-Soviet Orbit countries in 1953 grew to nearly 300 percent of the 1950 volume of trade. This increase was brought about in part by means of the trade agreements which the GDR has signed with Finland, Egypt, Lebanon, France, Sweden, Norway, Turkey, Greece, Austria, Belgium, Indonesia, and Uruguay. GDR foreign trade enterprises and agencies have business contacts with businessmen and foreign trade enterprises in more than 70 non-Orbit countries.

The structure of GDR foreign trade reflects the nature of the GDR economy. The GDR imports industrial raw materials, foodstuffs, tobacco, and beverages; it exports manufactured products. The structure of GDR foreign trade is shown in the following table [year to which table applies not indicated]:

Type of Commodity	Percentage Share in	
	Exports	Imports
Foodstuffs and beverages	2	41
Raw materials and semifinished goods	17	39
Manufactured products	81	20
Total	100	100

Imports of consumer goods are to be further increased under the New Course. At its 15th and 16th meetings, the Central Committee of the SED demanded that the GDR volume of foreign trade be increased in 1954 by 3 billion rubles, as compared with 1953. The effects of the New Course on foreign trade could be noted even in 1953. The following table shows increases in imports of selected consumer goods in 1953 as compared with 1950:

Commodity	1953 Imports (% of 1950)
Cotton	277
Wool	475
Fats and [vegetable] oils	180
Coffee and cocoa	435
Tropical Fruit and Other Fruits	520

Imports of foodstuffs during the third and fourth quarters of 1953 were 66 percent higher than during the same period of 1952.

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A number of measures must be taken by GDR enterprises producing for export to improve the GDR's export trade. A greater effort must be made to improve the quality of commodities produced for export. In this connection, the introduction of factory trademarks should act as a stimulus to industrial enterprises, which should seek to make their trademarks known throughout the world for excellent quality and up-to-date technolocy. The workers in enterprises producing for export should participate in quality-control measures and feel more responsible for export-plan fulfillment. Workers and the intelligentsia should be informed of difficulties in foreign trade. Production enterprises must evaluate and act on the wishes and criticism of foreign customers. To facilitate exports, they must also develop a greater number of standardized lines of products.

GDR foreign-trade enterprises and agencies must also improve their operations. They must see to it that they import only commodities which cannot be made available or produced from GDR resources and materials. They must cooperate better with domestic-trade enterprises so that they will import only those consumer goods for which there is a market in the GDR. The foreign-trade enterprises must change their viewpoint, so that they will act more like commercial enterprises and less like suppliers of raw materials to export industries. They must make GDR industrial and domestic-trade enterprises more aware of their own interests and requirements as foreign-trade enterprises. To trade on the favorable terms, they must thoroughly investigate foreign markets and the prices prevailing there. They must place their orders for export commodities in such a manner that enterprises producing for export can carry on production without interruption. They must also reply promptly to inquiries from foreign customers. The political and technical qualifications of employees of foreign-trade enterprises and agencies must be improved. These enterprises must hire new qualified personnel, particularly engineers, designers, and technically trained people.

The SED and trade-union organizations in the enterprises producing for export must exercise strict control over fulfillment of production plans for exports. Likewise, the SED organizations in the foreign-trade enterprises must supervise the activities of these enterprises. They must see to it that the work of these enterprises is improved, that bureaucratic methods are eliminated, and that the employees of these enterprises are given more political and technical training.

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